

BEFORE THE
WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 3

IN THE MATTER OF:

Served April 28, 1961

Change in Fares of)
W M A Transit Company)

On June 14, 1960, W M A Transit Company filed with the Maryland Public Service Commission a revised tariff stating increased fares, which the Company proposed to make effective on July 17, 1960. The proposed tariff provides for an increase of 10 cents (from 15 cents to 25 cents) for the first zone of travel in Maryland and an increase of 5 cents (from 5 cents to 10 cents) for the second zone of travel. No increase is proposed in fares for zones after the second zone.

The Company provides intrastate service in Maryland and in the District of Columbia and interstate service between points in the District of Columbia and Maryland. The proposed tariff concerns only the Maryland intrastate fares.

The Maryland Public Service Commission suspended the new fares and assigned the matter for hearing. On July 25, 1960, the Maryland Public Service Commission ordered the Company to file a revised schedule of fares, effective August 1, 1960, increasing the fare for the first zone of Maryland travel by 5 cents (from 15 cents to 20 cents), and increasing the fare for the second zone of travel in Maryland by 5 cents (from 5 cents to 10 cents), and establishing a differential of 10 cents, with a minimum fare of 15 cents, below adult fares for children between the ages of 5 and 12 years and for school children between the ages of 5 and 18 years.

It was further ordered that W M A Transit Company keep such records as shall be adequate to determine the effect of the fare increases authorized and submit to the Commission monthly reports showing the revenues and expenses with a breakdown showing the effect of the fare increases authorized.

It was further ordered that W M A Transit Company submit to the Commission as promptly as it could the results of its Maryland intra-state operations for the twelve month period ended June 30, 1960.

It was further ordered that the rates authorized to become effective were to remain in effect for a temporary period not to exceed nine months.

The Washington Metropolitan Area Transit Regulatory Compact became effective March 22, 1961. Title II, Article XII, Section 23(b), of the Compact provides that, to the extent that it determines such action to be necessary or appropriate in the exercise of the powers and duties vested in or imposed upon it by the Compact, the Commission shall continue and carry to a conclusion any proceeding, hearing, or investigations which, at the time the Compact took effect, was pending before the Public Service Commission of Maryland.

On March 31, 1961, this Commission decided to assume jurisdiction of this proceeding.

On April 11, 1961, the Company filed a petition with this Commission, stating, inter alia, that this Commission had assumed jurisdiction over this proceeding, and prayed that the Commission (1) find the present temporary fares so inadequate as to be unjust and unreasonable; (2) that the fares proposed in Tariff P.S.C. Md. No. 3 would not produce revenues in excess of a reasonable rate of return; (3) that this Commission allow its proposed rates to be put into effect no later than April 30, 1961, or in the alternative that this Commission continue in effect on a temporary basis the present temporary rates until such time as it enters a final determination in this matter. Attached to and made a part of said petition was an exhibit showing its operating results for the calendar year 1960. Said exhibit did not attempt to segregate its Maryland local revenues and expenses. The Company's exhibit indicated a net operating revenue loss of \$31,358.77

The Accounting Department reviewed this exhibit and has submitted a memorandum to the Commission, which is hereby made a part of this proceeding. Copies of this memorandum were served on all parties of record, and no objections to its being made a part of the record were received by the Commission.

The Accounting Department memorandum made certain adjustments to the Company's figures for the year 1960. One group of adjustments involved non-recurring items of expense totaling \$15,829.67. Another adjustment involved \$37,432.09 which had been charged to depreciation expense on December 31, 1960, reflecting the loss on retirement of thirty (30) Diesel buses which had been leased to Inter-County Transit

Company. Further adjustments totaling \$25,229.31 were made to give effect to costs of operating buses for Inter-County Transit Company during the first three (3) months of 1960.

This brings the adjusted net operating revenues up to \$47,132.30, and represents a 4.07% return on gross revenues for 1960.

The Accounting Department further adjusted this net operating revenue figure by projecting anticipated increases in wage rates and in operating rent for 1961, totaling \$37,150.00, in accordance with the exhibit filed by the Company with its petition. However, the Company did not make a complete projection of its anticipated operating revenues and expenses, and therefore the Commission feels it cannot properly consider this figure for any projection of future results.

This Commission, after giving due consideration to the Company's request for the additional 5 cent increase in the Maryland fare, arrived at the conclusion that the books and records of the Company were inadequate to enable any projection of future results under such increase, and further, that the Company failed to produce sufficient evidence upon which the Commission could make a determination.

Therefore, the Commission is of the opinion and finds that the present fares now in effect are not unjust, unreasonable, nor unduly preferential nor unduly discriminatory.

The Accounting Department's memorandum sets forth five areas which it feels this Commission should investigate in order to assure that the riding public is receiving the best possible service at the most reasonable rate. The Commission concurs. However, the Commission well realizes that this proceeding has already extended over 10 months since the proposed tariff was filed and is mindful that both the Company and the public should be spared prolonged delays and uncertainties in the matter of fares. Moreover, the Commission feels that these areas can be explored more thoroughly and expeditiously by a separate investigation, and it shall so order in the immediate future.

Because of the lack of evidence and the inability to project the operating conditions based on the additional 5 cents, the Commission finds that the Company has failed to support this portion of its request and it should be denied.

Therefore, it is ordered:

(1) That the present fares now in effect on a temporary basis be, and they are, hereby approved.

(2) That the 5 cents additional fare be, and it hereby is, denied, without prejudice.

BY DIRECTION OF THE COMMISSION:



DELMER ISON
Executive Director